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CIA/OCR/S-05736-15

5 project
for 52-1
5,736

4 December 1973

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MEMORANDUM

VC Rocketing of South Vietnamese
Petroleum Storage

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The 3 December rocketing of the nation's largest tank farm at Nha Be, six miles southeast of Saigon, worsened South Vietnam's already tight petroleum supply situation. The Shell facilities were almost totally destroyed; Exxon and Caltex's tanks were, however, untouched. Estimates vary, but most reports put the destruction at 300,000 - 450,000 barrels, equivalent to 9 - 12 days' normal civilian consumption or about one-third of the nation's stocks. (Government officials have stated that most of the POL was for civilian use; only 67,000 barrels were Vietnamese military stocks and 25,000 barrels were scheduled for shipment to Cambodia.) The government has already implemented several measures to decrease civilian consumption, including lower speed limits, rationing, and electric power cutbacks. These moves follow less drastic measures taken last week. Although the situation is clearly very serious, South Vietnam is likely to have its basic energy needs met. Civilian POL is financed under the US aid program, and shipments have thus far not been severely hampered by the Arab boycott. The major difficulty will be one of

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[REDACTED]

storage capacity. Several tankers have already been requested to delay their arrival as storage is not available. The huge petroleum depot at Cam Ranh Bay is presently shut down and may be reopened; it will probably take a few weeks to get this facility in operation, however.

OER/S/EC

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